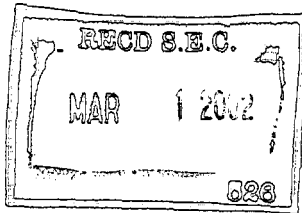




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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 1993
Estimated average burden	
hours per response	12.00

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER

8-16919

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Holly Securities, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

100 W. Schellenger Avenue

(No. and Street)

Wildwood

(City)

New Jersey

(State)

08260

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jane Osborne

(609) 522-2496

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian G. DeWinne, Certified Public Accountant

(Name — if individual, state last, first, middle name)

1882 W. Landis Avenue

(Address)

Vineland

(City)

New Jersey

(State)

08360

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

APR 01 2002

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

17
3/28

OATH OR AFFIRMATION

I, Jane Osborne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm Holly Securities, Inc., as of February 20, ~~XX~~ 2002 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

Jane Osborne

Signature

President

Title

H. J. Rees

Notary Public

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 11, 2002 ✓

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FORM X-17A-5

(Financial and Operational Combined Uniform Single Report)

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

PART II 11

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) ☒ 16 2) Rule 17a-5(b) ☐ 17 3) Rule 17a-11 ☐ 18
4) Special request by designated examining authority ☐ 19 5) Other ☐ 26

NAME OF BROKER-DEALER

Holly Securities, Inc.

*SEC FILE NO

8-16919

FIRM ID. NO.

22-1948639

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No)

100 W. Schellenger Avenue

(No and Street)

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/01

AND ENDING (MM/DD/YY)

12/31/01

Wildwood

(City)

New Jersey

(State)

08260

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jane Osborne

(Area Code)—Telephone No

(609) 522-2496

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT.

None

OFFICIAL USE

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES ☐ 40

NO ☐ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

☐ 42

EXECUTION:

The registered broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all amended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 20th day of February 2002

Manual signatures of:

- 1) [Signature]
Principal Executive Officer or Managing Partner
- 2) [Signature]
Principal Financial Officer or Partner
- 3) [Signature]
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

9A-006150-A
HOLLY SECURITIES, INC.
JANE OSBORNE
100 W. SCHELLENGER AVENUE
NJ 08260

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Holly Securities, Inc.

N 2

100

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) 12/31/01

99

SEC FILE NO. 8-16919

98

Consolidated ☐ 198
Unconsolidated ☐ 199

ASSETS

	Allowable	Nonallowable	Total
1. Cash	\$ 343,609		\$ 343,609
	200		750
2. Cash segregated in compliance with federal and other regulations	160,000		160,000
	210		760
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements"	8,952		8,952
	220		770
2. Other			
	230		
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements"			
	240		780
2. Other			
	250		
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"			
	260		790
2. Other			
	270		
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"			
	280		800
2. Other			
	290		
E. Other			
	300	\$ 550	810
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts	4,639		560
	310		570
2. Partly secured accounts			580
	320		590
3. Unsecured accounts			
	330		
B. Commodity accounts			
C. Allowance for doubtful accounts			
	335		4,639
	335		820
5. Receivables from non-customers:			
A. Cash and fully secured accounts			
	340		600
B. Partly secured and unsecured accounts			830
	350		
6. Securities purchased under agreements to resell			
	360	605	840
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper			
	370		
B. U.S. and Canadian government obligations			
	380		
C. State and municipal government obligations			
	390		
D. Corporate obligations			
	400		

OMIT PLANNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER Holly Securities, Inc.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

ASSETS

Allowable

Nonallowable

Total

E. Stocks and warrants	\$	410		
F. Options		420		
G. Arbitrage		422		
H. Other securities		424		
I. Spot commodities		430		
			\$	850
8. Securities owned not readily marketable:				
A. At Cost	\$	130		
B. At estimated fair value		440	\$	610
				860
9. Other investments not readily marketable:				
A. At Cost	\$	140		
B. At estimated fair value		450		620
				870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities	\$	150		
B. Other	\$	160		460
				630
				880
11. Secured demand notes- market value of collateral:				
A. Exempted securities	\$	170		
B. Other	\$	180		470
				640
				890
12. Memberships in exchanges:				
A. Owned, at market value	\$	190		
B. Owned at cost				650
C. Contributed for use of company, at market value				660
				900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		670
				910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:				
At cost (net of accumulated depreciation and amortization)		490		680
				920
15. Other Assets:				
A. Dividends and interest receivable		500		690
B. Free shipments		510		700
C. Loans and advances		520		710
D. Miscellaneous		530		720
				930
16. TOTAL ASSETS	\$	517,200	\$	740
				517,200
				94

OMIT PENNII

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I.</u> <u>Liabilities *</u>	<u>Non-A.I.</u> <u>Liabilities *</u>	<u>Total</u>
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 1460
B. Other	1040	1250	1470
18. Securities sold under repurchase agreements		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	48,380 1050	1270	48,380 1490
2. Other	1060	1280	1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070		1510
2. Other	16 1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		1530
2. Other	1095	19 1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		1550
2. Other	1105	1310	1560
E. Other	1110	1320	1570
20. Payable to customers:			
A. Securities accounts -including free credits of	15 950 1120		1580
B. Commodities accounts	17 1130	1330	1590
21. Payable to non customers:			
A. Securities accounts	1140	1340	1600
B. Commodities accounts	1150	1350	1610
22. Securities sold not yet purchased at market value - including arbitrage of	\$ 960	1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		1630
B. Accounts payable	1170		1640
C. Income taxes payable	1180		1650
D. Deferred income taxes		20 1370	1660
E. Accrued expenses and other liabilities	1190		1670
F. Other	18 1200	1380	1680

OMIT PENNIE

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

<u>Liabilities</u>	<u>A.I.</u> <u>Liabilities *</u>	<u>Non-A.I.</u> <u>Liabilities *</u>	<u>Total</u>
24. Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 1690
B. Secured	1211	1390	1700
25. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value; from outsiders \$ 990		1410	1720
C. Pursuant to secured demand note collateral agreements;		1420	1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
26. TOTAL LIABILITIES	\$ 48,380 1230	\$ 1450	\$ 48,380 1760

Ownership Equity

27. Sole proprietorship	\$ 1770
28. Partnership- limited partners \$ 1020	1780
29. Corporation:	
A. Preferred stock	1791
B. Common stock	205,000 1792
C. Additional paid-in capital	1793
D. Retained earnings	263,820 1794
E. Total	468,820 1795
F. Less capital stock in treasury	1796
30. TOTAL OWNERSHIP EQUITY	\$ 468,820 1800
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY	\$ 517,200 1810

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)	\$ 468,820	3480
2. Deduct: Ownership equity not allowable for net capital	()	3490
3. Total ownership equity qualified for net capital	468,820	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		3520
B. Other (deductions) or allowable credits (List)		3525
5. Total capital and allowable subordinated liabilities	\$ 468,820	3530
6. Deductions and/or charges:		
A. Total non-allowable assets from		
Statement of Financial Condition (Note B and C)	\$ 3540	
1. Additional charges for customers' and non-customers' security accounts	3550	
2. Additional charges for customers' and non-customers' commodity accounts	3560	
B. Aged fail-to-deliver:		3570
1. Number of items	3450	
C. Aged short security differences-less		
reserve of	\$ 3460	3580
number of items	3470	
D. Secured demand note deficiency		3590
E. Commodity futures contracts and spot commodities		
proprietary capital charges	3600	
F. Other deductions and/or charges	3610	
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)	3615	
H. Total deductions and/or charges		3620
7. Other additions and/or allowable credits (List)		3630
8. Net Capital before haircuts on securities positions	\$ 468,820	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments		3660
B. Subordinated securities borrowings		3670
C. Trading and Investment securities:		
1. Bankers' acceptances, certificates of deposit and commercial paper	3680	
2. U.S. and Canadian government obligations	3690	
3. State and municipal government obligations	3700	
4. Corporate obligations	3710	
5. Stocks and warrants	3720	
6. Options	3730	
7. Arbitrage	3732	
8. Other securities	3734	
D. Undue concentration	3650	
E. Other (list)	3736	
10. Net Capital	\$ 468,820	3740
		3750

OMIT PENNIE

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	3,227	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	250,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	250,000	3760
14. Excess net capital (line 10 less 13)	\$	218,820	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	463,982	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	48,380	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1 (c) (1) (vii))	\$		3838
19. Total aggregate indebtedness	\$	48,380	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	.10	3850
21. Percentage of Aggregate Indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less Item 4880 page 11)	%		3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		3880
24. Net capital requirement (greater of line 22 or 23)	\$		3760
25. Excess net capital (line 10 less 24)	\$		3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%		3851
27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (line 10 less Item 4880 page 11 ÷ by line 17 page 8)	%		3854
28. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$		3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%		3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%		3852

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

REVENUE

STATEMENT OF INCOME (LOSS)

1. Commissions:			
a. Commissions on transactions in listed equity securities executed on an exchange	\$		3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter			3937
c. Commissions on listed option transactions			3938
d. All other securities commissions		99,860	3939
e. Total securities commissions		99,860	3940
2. Gains or losses on firm securities trading accounts			
a. From market making in over-the-counter equity securities			3941
i. Includes gains or (losses) OTC market making in exchange listed equity securities		3943	
b. From trading in debt securities			3944
c. From market making in options on a national securities exchange			3945
d. From all other trading			3949
e. Total gains or (losses)			3950
3. Gains or losses on firm securities investment accounts			
a. Includes realized gains (losses)		4235	
b. Includes unrealized gains (losses)		4236	
c. Total realized and unrealized gains (losses)			3952
4. Profits or (losses) from underwriting and selling groups			3955
a. Includes underwriting income from corporate equity securities		4237	
5. Margin interest			3960
6. Revenue from sale of investment company shares			3970
7. Fees for account supervision, investment advisory and administrative services			3975
8. Revenue from research services			3980
9. Commodities revenue			3990
10. Other revenue related to securities business			3985
11. Other revenue		24,144	3995
12. Total revenue	\$	124,004	4030

EXPENSES

13. Registered representatives' compensation	\$		4110
14. Clerical and administrative employees' expenses			4040
15. Salaries and other employment costs for general partners, and voting stockholder officers			4120
a. Includes interest credited to General and Limited Partners capital accounts		4130	
16. Floor brokerage paid to certain brokers (see definition)			4055
17. Commissions and clearance paid to all other brokers (see definition)		18,549	4145
18. Clearance paid to non-brokers (see definition)			4135
19. Communications			4060
20. Occupancy and equipment costs		96,353	4080
21. Promotional costs			4150
22. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
23. Losses in error account and bad debts			4170
24. Data processing costs (including service bureau service charges)			4185
25. Non-recurring charges			4190
26. Regulatory fees and expenses			4195
27. Other expenses		3,404	4100
28. Total expenses	\$	118,306	4200

NET INCOME

29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)	\$	5,698	4210
30. Provision for Federal income taxes (for parent only)		855	4220
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4238	
32. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
33. Cumulative effect of changes in accounting principles			4225
34. Net income (loss) after Federal income taxes and extraordinary items	\$	4,843	4230

MONTHLY INCOME

35. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	(306)	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Holly Securities, Inc.

as of

12/31/01

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3
(See Rule 15c3-3, Exhibit A and Related Notes)**

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	\$	4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)		4350	
3. Monies payable against customers' securities loaned (see Note C)		4360	
4. Customers' securities failed to receive (see Note D)	48,380	4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers		4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days		4390	
7. **Market value of short security count differences over 30 calendar days old		4400	
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days		4410	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days		4420	
10. Other (List)		4425	
11. TOTAL CREDITS	\$	48,380	4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	\$	4,639	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		4450	
14. Failed to deliver of customers' securities not older than 30 calendar days	8,952	4460	
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)		4465	
16. Other (List)		4469	
17. **Aggregate debit items	\$	13,591	4470
18. **less 3% (for alternative method only — see Rule 15c3-1 (f) (5) (ii))	(4471
19. **TOTAL 15c3-3 DEBITS	\$	13,591	4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	\$	0	4480
21. Excess of total credits over total debits (line 11 less line 19)		34,789	4490
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits		36,528	4500
23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period		160,000	4510
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities			4520
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities	\$		4530
26. Date of deposit (MMDDYY)			4540

OMIT PENNIE!

FREQUENCY OF COMPUTATION

27. Daily ☒ 4332 Weekly ☐ 4333 Monthly ☒ 4334

**In the event the Net Capital Requirement is computed under the alternative method this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

Holly Securities, Inc.

as of 12/31/01

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | |
|--------|--|-----------|
| A. (k) | (1)—\$2,500 capital category as per Rule 15c3-1 | 4550 |
| B. (k) | (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained | 4560 |
| C. (k) | (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm | 4335 4570 |
| D. (k) | (3)—Exempted by order of the Commission | 4580 |

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and the number of items of:

- | | | | | |
|--|--|----|------|------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. Notes A and B | | \$ | None | 4586 |
| A. Number of Items | | | None | 4587 |

- | | | | | |
|---|--|----|------|------|
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3, Notes B, C and D | | \$ | None | 4588 |
| A. Number of Items | | ▼ | None | 4589 |

OMIT PENNIES

3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 Yes 4584 No 4585

NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c 3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER	Holly Securities, Inc.	as of 12/31/01
------------------	------------------------	----------------

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

CUSTOMERS' REGULATED COMMODITY FUTURES ACCOUNTS

N/A

SEGREGATION REQUIREMENTS

1. Net ledger balance:		
A. Cash	\$	7010
B. Securities (at market)		7020
2. Net unrealized profit (loss) in open futures contracts traded on a contract market		7030
3. Exchange traded options:		
A. Add: Market Value of open option contracts purchased on a contract market		7032
B. Deduct: Market Value of open option contracts granted (sold) on a contract market	(7033
4. Net equity (deficit) (total of 1, 2 and 3)		7040
5. Add accounts liquidating to a deficit and accounts with debit balances with no open trades		7050
6. Amount required to be segregated (total of 4 and 5)		7060

FUNDS ON DEPOSIT IN SEGREGATION

7. Deposited in segregated funds bank accounts:		
A. Cash	\$	7070
B. Securities representing investments of customers' funds (at market)		7080
C. Securities held for particular customers or option customers in lieu of cash (at market)		7090
8. Margins on deposit with clearing organizations of contract markets:		
A. Cash		7100
B. Securities representing investments of customers' funds (at market)		7110
C. Securities held for particular customers or option customers in lieu of cash (at market)		7120
9. Settlement due from (to) clearing organizations of contract markets		7130
10. Exchange traded options:		
A. Add: Unrealized receivables for option contracts purchased on contract markets		7132
B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets		7133
11. Net equities with other FCMs		7140
12. Segregated funds on hand:		
A. Cash		7150
B. Securities representing investments of customers' funds (at market)		7160
C. Securities held for particular customers in lieu of cash (at market)		7170
13. Total amount in segregation (total of 7 through 12)	\$	7180
14. Excess (insufficiency) funds in segregation (13 minus 6)	\$	7190

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

N/A

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
4600		4601	4602 \$	4603	4604 4605
4610		4611	4612	4613	4614 4615
4620		4621	4622	4623	4624 4625
4630		4631	4632	4633	4634 4635
4640		4641	4642	4643	4644 4645
4650		4651	4652	4653	4654 4655
4660		4661	4662	4663	4664 4665
4670		4671	4672	4673	4674 4675
4680		4681	4682	4683	4684 4685
4690		4691	4692	4693	4694 4695

TOTAL \$ 4699*

OMIT PENNIES

*To agree with the total on Recap (Item No. 4880)

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
Capital Withdrawals
PART II

BROKER OR DEALER Holly Securities, Inc. For the period (MMDDYY) from 1/01/01 to 12/31/01

RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of net capital.

1. Equity Capital

A. Partnership Capital:

1. General Partners	\$	4700
2. Limited		4710
3. Undistributed Profits		4720
4. Other (describe below)		4730
5. Sole Proprietorship		4735

B. Corporation Capital:

1. Common Stock		4740
2. Preferred Stock		4750
3. Retained Earnings (Dividends and Other)		4760
4. Other (describe below)		4770

2. Subordinated Liabilities

A. Secured Demand Notes		4780
B. Cash Subordinations		4790
C. Debentures		4800
D. Other (describe below)		4810

3. Other Anticipated Withdrawals

A. Bonuses		4820
B. Voluntary Contributions to Pension or Profit Sharing Plans		4860
C. Other (describe below)		4870

Total \$ **4880**

4. Description of Other

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	463,122	4240
A. Net income (loss)		5,698	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From Item 1800)	\$	468,820	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	4300
A. Increases		4310
B. Decreases	(4320
4. Balance, end of period (From item 3520)	\$	4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Holly Securities, Inc.

as of 12/31/01

FINANCIAL AND OPERATIONAL DATA

1. Month end total number of stock record breaks unresolved over three business days	Valuation	Number																									
A. breaks long	\$ 4890	4900																									
B. breaks short	\$ 4910	4920																									
2. Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter? (Check one)																											
Yes <input checked="" type="checkbox"/> 4930		No <input type="checkbox"/> 4940																									
A) If response is negative attach explanation of steps being taken to comply with Rule 17a-13.																											
3. Personnel employed at end of reporting period																											
A. Income producing personnel	2	4950																									
B. Non-income producing personnel (all other)	0	4960																									
C. Total	2	4970																									
4. Actual number of tickets executed during current month of reporting period	106	4980																									
5. Number of corrected customer confirmations mailed after settlement date	0	4990																									
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"></td> <td style="width: 10%; text-align: center;">No. of Items</td> <td style="width: 15%; text-align: center;">Debit (Short Value)</td> <td style="width: 10%; text-align: center;">No. of Items</td> <td style="width: 15%; text-align: center;">Credit (Long Value)</td> </tr> <tr> <td>6. Money differences</td> <td style="text-align: right;">5000</td> <td style="text-align: right;">\$ 5010</td> <td style="text-align: right;">5020</td> <td style="text-align: right;">\$ 5030</td> </tr> <tr> <td>7. Security suspense accounts</td> <td style="text-align: right;">5040</td> <td style="text-align: right;">\$ 5050</td> <td style="text-align: right;">5060</td> <td style="text-align: right;">\$ 5070</td> </tr> <tr> <td>8. Security difference accounts</td> <td style="text-align: right;">5080</td> <td style="text-align: right;">\$ 5090</td> <td style="text-align: right;">5100</td> <td style="text-align: right;">\$ 5110</td> </tr> <tr> <td>9. Commodity suspense accounts</td> <td style="text-align: right;">5120</td> <td style="text-align: right;">\$ 5130</td> <td style="text-align: right;">5140</td> <td style="text-align: right;">\$ 5150</td> </tr> </table>				No. of Items	Debit (Short Value)	No. of Items	Credit (Long Value)	6. Money differences	5000	\$ 5010	5020	\$ 5030	7. Security suspense accounts	5040	\$ 5050	5060	\$ 5070	8. Security difference accounts	5080	\$ 5090	5100	\$ 5110	9. Commodity suspense accounts	5120	\$ 5130	5140	\$ 5150
	No. of Items	Debit (Short Value)	No. of Items	Credit (Long Value)																							
6. Money differences	5000	\$ 5010	5020	\$ 5030																							
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8. Security difference accounts	5080	\$ 5090	5100	\$ 5110																							
9. Commodity suspense accounts	5120	\$ 5130	5140	\$ 5150																							
10. Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and intercompany accounts which could result in a charge-unresolved amounts over 30 calendar days																											
	5160	\$ 5170	5180	\$ 5190																							
11. Bank account reconciliations-unresolved amounts over 30 calendar days																											
	5200	\$ 5210	5220	\$ 5230																							
12. Open transfers over 40 calendar days, not confirmed																											
	5240	\$ 5250	5260	\$ 5270																							
13. Transactions in reorganization accounts-over 60 calendar days																											
	5280	\$ 5290	5300	\$ 5310																							
14. Total	5320	\$ 5330	5340	\$ 5350																							
15. Failed to deliver 5 business days or longer (21 business days or longer in the case of Municipal Securities)																											
	0	5360	\$ 0	5361																							
16. Failed to receive 5 business days or longer (21 business days or longer in the case of Municipal Securities)																											
	10	5363	\$ 31,606	5364																							
17. Security concentrations (See instructions in Part I)																											
A. Proprietary positions			\$ None	5370																							
B. Customers' accounts under Rule 15c3-3			\$ None	5374																							
18. Total of personal capital borrowings due within six months			\$ None	5378																							
19. Maximum haircuts on underwriting commitments during the period			\$ None	5380																							
20. Planned capital expenditures for business expansion during next six months			\$ None	5382																							
21. Liabilities of other individuals or organizations guaranteed by respondent			\$ None	5384																							
22. Lease and rentals payable within one year			\$ None	5386																							
23. Aggregate lease and rental commitments payable for entire term of the lease																											
A. Gross			\$ None	5388																							
B. Net			\$ None	5390																							

OMIT PENNIES

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

OMB APPROVAL
OMB # 3235-0123
Expires May 31, 1987

FOCUS REPORT
FORM X-17A-5
SCHEDULE I

(To be filed annually as of the end of calendar year)

Contents

Schedule I **INFORMATION REQUIRED OF ALL BROKERS
AND DEALERS PURSUANT TO RULE 17c-3**

* * * * *

Holly Securities, Inc.

Name of Respondent

FORM X-17A-5

FOCUS REPORT (Financial and Operational Combined Uniform Single Report) Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5

Report for the Calendar Year to 2000 8004
or if less than 12 months

Report for the period beginning 01/01/01 8005 and ending 12/31/01 8006
MM DD YY

SEC FILE NUMBER

8- 16919

1. NAME OF BROKER DEALER

Holly Securities, Inc.

8020

N 9

OFFICIAL USE ONLY

Firm No. M M Y Y

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

NAME: None

8053

NAME:

8054

NAME:

8055

NAME:

8056

OFFICIAL USE ONLY

Yes

3. Respondent conducts a securities business exclusively with registered broker-dealers:

(enter applicable code: 1=Yes 2=No)

1

80

4. Respondent is registered as a specialist on a national securities exchange:

(enter applicable code: 1=Yes 2=No)

2

80

5. Respondent makes markets in the following securities:

(a) equity securities (enter applicable code: 1=Yes 2=No)

2

80

(b) municipals (enter applicable code: 1=Yes 2=No)

2

80

(c) other debt instruments (enter applicable code: 1=Yes 2=No)

2

80

6. Respondent is registered solely as a municipal bond dealer:

(enter applicable code: 1=Yes 2=No)

2

80

7. Respondent is an insurance company or an affiliate of an insurance company:

(enter applicable code: 1=Yes 2=No)

2

80

8. Respondent carries its own public customer accounts:

(enter applicable code: 1=Yes 2=No)

1

80

9. Respondent's total number of public customers accounts:

(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts

895

808

(b) Omnibus accounts

0

808

10. Respondent clears its public customer and/or proprietary accounts:

(enter applicable code: 1=Yes 2=No)

1

808

FOCUS REPORT

Schedule I

page 2

11. Respondent clears its public customer accounts in the following manner:

(enter a "1" in appropriate boxes)

(a) Direct Mail (New York Stock Exchange Members Only)	<input type="checkbox"/>	8086
(b) Self-Clearing	<input type="checkbox"/> 1	8087
(c) Omnibus	<input type="checkbox"/> 1	8088
(d) Introducing	<input type="checkbox"/>	8089
(e) Other	<input type="checkbox"/>	8090

If Other please describe:

(f) Not applicable	<input type="checkbox"/>	8091
------------------------------	--------------------------	------

12. (a) Respondent maintains membership(s) on national securities exchange(s):

(enter applicable code: 1=Yes 2=No)

<input type="checkbox"/> 2	8100
----------------------------	------

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

(1) American	<input type="checkbox"/>	8120
(2) Boston	<input type="checkbox"/>	8121
(3) CBOE	<input type="checkbox"/>	8122
(4) Midwest	<input type="checkbox"/> 1	8123
(5) New York	<input type="checkbox"/>	8124
(6) Philadelphia	<input type="checkbox"/>	8125
(7) Pacific Coast	<input type="checkbox"/>	8126
(8) Other	<input type="checkbox"/>	8129

13. Employees:

(a) Number of full-time employees	<input type="checkbox"/> 2	8101
---	----------------------------	------

(b) Number of full-time registered representatives employed by respondent included in 13 (a)

<input type="checkbox"/> 0	8102
----------------------------	------

14. Number of NASDAQ stocks respondent makes market

<input type="checkbox"/> 0	8103
----------------------------	------

15. Total number of underwriting syndicates respondent was a member

<input type="checkbox"/> 0	8104
----------------------------	------

(Carrying or clearing firms filing X-17A-5 Part II)

16. Number of respondent's public customer transactions:

Actual	<input type="checkbox"/> 1,449	8105
------------------	--------------------------------	------

Estimate	<input type="checkbox"/>	8106
--------------------	--------------------------	------

(a) equity securities transactions effected on a national securities exchange

<input type="checkbox"/> 825	8107
------------------------------	------

(b) equity securities transactions effected other than on a national securities exchange

<input type="checkbox"/> 599	8108
------------------------------	------

(c) commodity, bond, option, and other transactions effected on or off a national securities exchange

<input type="checkbox"/> 25	8109
-----------------------------	------

FOCUS REPORT

Schedule I

page 3

17. Respondent is a member of the Securities Investor Protection Corporation

(enter applicable code: 1=Yes 2=No) 8111

18. Number of branch offices operated by respondent. 8112

19. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank

(enter applicable code: 1=Yes 2=No) 8113

20. (a) Respondent is a subsidiary of a registered broker-dealer

(enter applicable code: 1=Yes 2=No) 8114

(b) Name of parent

21. Respondent is a subsidiary of a parent which is not a registered broker or dealer

(enter applicable code: 1=Yes 2=No) 8115

22. Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations:

(enter applicable code: 1=Yes 2=No) 8117

23. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period 8118

* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

HOLLY SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

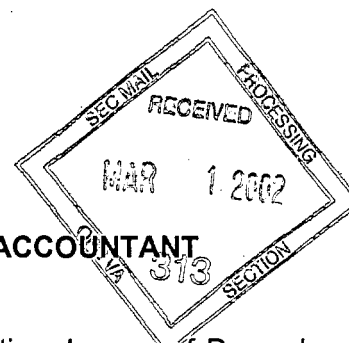
Cash flows from operating activities	
Net income	\$ 5,698
Decrease in accounts receivable - Brokers	11,834
Increase in accounts receivable - Customers	(4,365)
Increase in accounts payable - Brokers	<u>29,075</u>
Net cash used by operating activities	\$ 42,242
Cash and cash equivalents at beginning of year	<u>461,367</u>
Cash and cash equivalents at end of year	<u><u>\$ 503,609</u></u>

Brian G. DeWinne
CERTIFIED PUBLIC ACCOUNTANT
1882 W. Landis Avenue
Vineland, New Jersey 08360-3429

Telephone: (856) 696-6998
Fax: (856) 696-7066

E-mail: DEWINCPA@dvnc.net

Holly Securities, Inc.
100 W. Schellenger Avenue
Wildwood, New Jersey 08260



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

I have audited the statement of financial condition of Holly Securities, Inc. as of December 31, 2001 and the related statement of income, changes in ownership equity and cash flows (as contained in the Company's Focus Report, Form X-17A-5) for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

These financial statements were prepared in conformity with the accounting practice prescribed or permitted by the Securities and Exchange Commission. Accordingly, the accompanying financial statements are not intended to be presented in conformity with generally accepted accounting principles.

In my opinion, because the Company's policy is to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with generally accepted accounting principles, the financial position of Holly Securities, Inc. as of December 31, 2001 or the results of its operations, changes in ownership equity or its cash flows for the year then ended.

However, in my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial condition of Holly Securities, Inc. as of December 31, 2001 and the related statement of income, changes in ownership equity and cash flows for the year then ended, on the basis of accounting described above.

BRIAN G. DEWINNE
CERTIFIED PUBLIC ACCOUNTANT

Vineland, New Jersey
February 20, 2002

Board of Directors
Holly Securities, Inc.
100 W. Schellenger Avenue
Wildwood, New Jersey

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL BY SEC RULE
17a-5**

In planning and performing my audit of Holly Securities, Inc. (the Company), for the year ended December 31, 2001, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the focus report and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted

Member: American Institute of Certified Public Accountants and NJ Society of Certified Public Accountants

Holly Securities, Inc.

Independent Auditor's Report on Internal Accounting Control by SEC Rule 17a-5

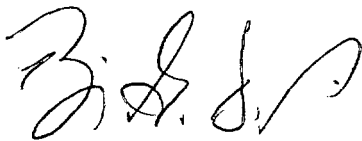
Page Two

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control structure, including procedures for safeguarding securities, which I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

A handwritten signature in black ink, appearing to read "B. G. DeWinne", with a stylized flourish at the end.

BRIAN G. DeWINNE
CERTIFIED PUBLIC ACCOUNTANT
February 20, 2002

Brian G. DeWinne
CERTIFIED PUBLIC ACCOUNTANT

1882 W. Landis Avenue

Vineland, New Jersey 08360-3429

Telephone: (856) 696-6998

Fax: (856) 696-7066

E-mail: DEWINCPA@dvnc.net

February 20, 2002

Holly Securities, Inc.
ATTN: Ms. Jane Osborne
100 W. Schellenger Avenue
Wildwood, NJ 08260

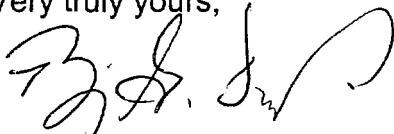
Dear Ms. Osborne:

Please be advised that there are no material differences between the attached audited report and the unaudited report for the period ended December 31, 2001.

During the course of my audit, I found that you have all securities delivered directly to your customers and that you do not hold customers' securities in your possession.

My audit did not disclose any material inadequacies at the date of our audit or that may have existed since the date of your last audit.

Very truly yours,



Brian G. DeWinne
Certified Public Accountant

BGD:bd